

*Maryland State Lottery Agency (Lottery) — Notes Payable —*

As of June 30, 1996, the Lottery had notes payable outstanding related to the financing of certain gaming equipment. The balance outstanding as of June 30, 1996, is \$10,481,000. Interest rates on the notes range from 4.6% to 6.7%.

*C. Long-Term Obligations — Component Units:*

*Higher Education Fund —*

Certain State higher education institutions have issued revenue bonds and mortgage loans payable for the acquisition and construction of student housing and other facilities. Student fees and other user revenues collateralize the revenue bonds. The mortgage loans payable are collateralized by real estate. Interest rates range from 4.3% to 7.2% on the revenue bonds with the rate being 3% on the mortgage loans payable. In June 1992, and during the year ended June 30, 1996, the University of Maryland System issued serial Equipment Loan Program Obligations to finance the acquisition of new equipment and to refinance the balance of amounts due under certain installment purchase agreements for equipment then in the possession of the System. Payments of principal and interest, at rates ranging from 2.6% to 6.15%, are to be made semiannually through 2007. The Equipment Obligations are callable, at the option of the System, at premiums of no more than 2% of the outstanding principal, beginning in 2003. Maturities of principal are as follows (amounts expressed in thousands).

Years Ending June 30	Equipment Loan Program Obligations	Revenue Bonds	Mortgages and Other	Total
1997.....	\$ 5,695	\$ 22,606	\$ 2,895	\$ 31,196
1998.....	1,665	24,113	1,943	27,721
1999.....	1,750	25,527	1,466	28,743
2000.....	1,595	27,101	1,303	29,999
2001.....	1,690	25,470	1,237	28,397
2002 and thereafter.....	37,998	348,943	1,547	388,488
	<u>\$50,393</u>	<u>\$473,760</u>	<u>\$10,391</u>	<u>\$534,544</u>

The bonds issued are the debt and obligation of the issuing higher education institutions and are not a debt and obligation of, or pledge of, the faith and credit of the State.

On July 15, 1996, the University of Maryland System issued \$55,000,000 of University of Maryland System Auxiliary Facility and Tuition Revenue Bonds, 1996 Series A (the 1996 Series A bonds). The 1996 Series A bonds consist of serial and term bonds maturing through the year ended June 30, 2017, with stated rates of interest from 5.4% to 5.75%, and were issued at an aggregate discount of \$390,583.

Obligations under capital leases of \$7,584,000 exist as of June 30, 1996, bearing interest at annual rates ranging from 3.7% to 8.5%. Following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 1996, (amounts expressed in thousands).

Years Ending June 30	Amount
1997.....	\$ 1,087
1998.....	949
1999.....	893
2000.....	712
2001.....	518
2002 and thereafter.....	9,984
Total future minimum payments.....	14,143
Less amount representing interest.....	6,559
Present value of net minimum payments.....	<u>\$ 7,584</u>